

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814<http://www.dgs.ca.gov/opsc>

April 21, 1997

Mass Mailer #97-05

To: All School Districts and County Superintendents of Schools

Subject: **ADVISORY ACTIONS TAKEN BY THE STATE ALLOCATION BOARD AND OTHER ISSUES**

On April 2, 1997, the State Allocation Board (SAB) apportioned approximately \$54.6 million for certain appeal requests, \$30 million for roof replacement projects, \$26.9 million for the Public Utilities Commission Education Technology Program, \$10.2 million for hardship projects and \$14.2 million to complete projects which received construction bid approvals. The SAB also addressed other issues as follows:

Consent Calendar

The Construction Cost Index for Class D construction increased to 1.26, effective March 1, 1997. There was no change in the Class B, Historical Savings or the Furniture and Equipment indexes.

In accordance with a previous action taken by the SAB on January 22, 1997, the construction bid approvals for projects located in Riverside and San Bernardino Counties were approved, but funds allocated for the educational technology (ET) portion of the project will not be released until a determination is made regarding the ability of the County ET program to fund these costs. As an interim measure, the Office of Public School Construction (OPSC) will release the construction funds to the districts in accordance with SAB guidelines, with the exception of the ET portion of the project. In either event, the school district's project will be fully funded with Proposition 203 funds.

The SAB approved the allocation of funds made available from the Public Utilities Commission for the Educational Technology Program. All apportionment requests for districts located in Riverside and San Bernardino Counties were withheld pending further direction from the SAB.

The consent agenda included "zero" approvals for 99 projects with an unfunded amount of \$13.4 million.

Redistribution of the Balance of Proposition 203 Funds

The SAB addressed the redistribution of available Proposition 203 funds and took the following actions:

- Set aside \$40.0 million for new construction projects.
- Set aside \$10.0 million for modernization projects.
- Set aside \$10.0 million for the State Relocatable Classroom Program.
- Set aside \$5.0 million for the Child Care Program (Latch Key).
- Set aside \$25.0 million for Joint Use Projects.
- Transferred \$29.2 million to the Contingency Reserves.

The SAB also directed that apportionments for project approvals, change orders and bids included on the consent agenda be funded from the specific funds set aside for new construction and modernization, and the Contingency Reserves be adjusted to the original amount of \$42.3 million. The new Contingency Reserve, including the current set aside of \$29.2 million, is \$71.5 million. The SAB also directed the OPSC and the SAB Implementation Committee to develop a proposal for distribution of the Joint Use funds for consideration by the Board at the May 21, 1997, meeting.

Adjustment in the Interim Housing Allowance for Modernization Projects

This item was deferred. Consideration for adoption of this policy may be addressed by the SAB when a future statewide bond has been passed.

Policy Implementation of AB 2431

The SAB approved a policy for AB 2431 (Aguiar) which allows a district to abandon certain portable classroom space and replace the area with permanent construction if the added cost is paid separately by the district. All requests for permanent replacement area in lieu of portable area under the provisions of this bill should be made by separate letter to your Project Manager prior to a Phase C submittal to the OPSC.

Deferred Maintenance Program

The SAB approved major modifications to the Deferred Maintenance Program to include a provision that districts no longer are required to file a separate application each year for basic funding and revised the funding priorities application process for critical hardship projects. Specific modifications to the program are included in the attachments. Districts are advised that any request for critical hardship funding that have not been approved by the SAB to date may be required to comply with the new policy. The OPSC will be advising those affected districts by separate letter on these new requirements.

Class Size Reduction Exclusion

This item was held over until the May 21, 1997, SAB meeting.

Time Limits on Apportionments

The SAB approved a revision to the time limitation policy to allow automatic rescission of the projects if certain conditions are not met. Should this occur, an item to rescind the apportionment will be scheduled for the next available SAB meeting. However, a 90 day extension may be granted by the Chair of the SAB by delegation of authority if the project meets certain criteria. Should you have questions regarding the time limitation policy or would like to request an extension, please call Mike Willis at (916) 322-9448 or via e-mail at mwillis@dgs.ca.gov.

Lease-Purchase Roof Replacement Program

Action was taken to apportion the \$30 million set aside from Proposition 203 to fund eligible projects requesting roof replacement funds. Prior to the release of the funds allocated, districts must submit lay-out plans for the specific project and certify that the district's share of the cost of the project is on deposit. A separate letter regarding these provisions will be sent to the affected

districts. Should you have questions regarding this program, please call Sally Lemenager at (916) 323-0139 or via e-mail at slemenager@dgs.ca.gov.

-3-

Appeals

The SAB addressed 76 new construction and modernization appeal requests and made apportionments of \$54.6 million. Each district will be notified of the individual action taken by the SAB. The OPSC will be contacting those districts that either had their appeals withdrawn or the SAB requested that their appeals be held over until the May 21, 1997, meeting to arrange scheduling for the appeals at the next SAB meeting. The OPSC has processed all new construction and modernization Phase C appeals that were submitted prior to September 26, 1996. There are 155 modernization Phase P appeals that were received prior to September 26, 1996, that will be processed and ready for SAB consideration on May 21, 1997. In addition, there are 113 appeals received after September 25, 1996, that also must be processed and scheduled for SAB consideration. Timelines for processing of these appeals will be forthcoming.

The OPSC continues to process bids, release Proposition 203 funds and process Phase "zero" approvals. To assure that all projects in each funding priority receive a Phase C "zero" approval as timely as possible, the OPSC has begun processing all Phase C requests in the date order received, regardless of type of project (i.e. new construction or modernization). Priority one projects will continue to be processed first. Districts were previously advised that the OPSC will not accept incomplete Phase C submittals, and any incomplete submittal request for a Phase C apportionment or "zero" approval will be returned to the district with an appropriate explanation of the rejection. The necessary documents required to be included with the Phase C submittal are outlined in the Lease-Purchase Applicant Handbook. Please note that if the Phase C request for a new construction project is being processed after three years from the initial Phase P approval, a new enrollment certification (Form SAB 411) may be required to verify current eligibility for the project.

As a result of a specific appeal request, the SAB expanded its abandonment policy to waive the provision of new construction eligibility and allow a district to qualify a project's eligibility based on modernization eligibility when the district is requesting no more than a 75% cost allowance for permanent replacement area and the project has 50/50 funding. All other elements of the abandonment and hardship policies are still applicable. Please note that the OPSC and the SAB Implementation Committee are currently reviewing the entire abandonment policy and will be presenting a revised policy to the SAB sometime this summer. The new policy will address these new provisions.

Other issues

In order to keep the total cost of all projects at a minimum, the OPSC has revised the calculation used to determine the amount of contingencies allowed for each project. The new formula is \$2,000 plus 1.5% of "C" (construction) category only, instead of categories "A" through "F". As you are aware, the amount provided in each project for contingencies may be used only for OPSC approved project cost increases necessary to complete the project as originally approved by the SAB. These funds are not available to enhance or otherwise modify the project simply because they are included in the overall project cost. The Phase P and C agenda items as well as Forms SAB 506A&B and 706A&B have been modified to reflect these changes.

-4-

For your convenience, copies of the applicable agenda items regarding the issues discussed in this letter are enclosed. Should you have questions regarding the contents of this letter, please contact your Project Manager.

Sincerely,

TED W. DUTTON
Executive Officer

TD:PS:ps

Attachments